

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3610 – SB 3358

April 3, 2012

SUMMARY OF AMENDMENTS (013608, 016088, 015184): Deletes all language after the enacting clause. Authorizes a restaurant that is presumed to be a limited service restaurant (LSR) with an amount of gross sales from prepared foods that is at least 15 percent, but not more than 20 percent, to rebut the presumption by providing a business plan indicating gross sales from prepared foods which is higher than 20 percent. Such establishment may provide a statement showing gross sales from prepared foods from previous years were higher than the initial projection, and the amount paid to the Alcoholic Beverage Commission (ABC) was higher than what should have been paid. ABC is required to refund the difference to the applicant within 30 days of receiving such statement. If the amount paid to ABC was lower than what should have been paid, the applicant must pay the difference to ABC at the time the renewal fee is paid.

Authorizes a retail seller of alcoholic beverages to hold tastings during regular business hours without any charge or fee by ABC for offering such tastings or samples. A retailer who has the intention to offer such tastings must inform ABC of such intention. The size of such tasting samples shall be no greater than two ounces for each wine sample or high alcohol content beer sample and no greater than one-half ounce for each liquor sample. A server permit pursuant to Tenn. Code Ann. § 57-3-703 is not required for employees conducting such samples, but such employees are prohibited from serving samples to any person who is visibly intoxicated.

Removes current restriction against retailers of alcoholic beverages from offering or making any discount in the sale or delivery of liquors in case quantities. Authorizes a retailer to offer a discount in any manner as long as such discount is not below the cost paid by the retailer to purchase such alcoholic beverages from the wholesaler. The same authorization to provide discounts will also apply to persons licensed for on-premises consumption as long as the discount offered is not below the cost paid by the licensee to purchase the alcoholic beverages from the retailer.

Amendment 015184 expands the definition of “premises” in regards to clubs as provided in Tenn. Code Ann. § 57-4-101, to include a golf course, tennis courts and the area immediately surrounding the swimming pool. Amendment 016088 corrects a typographical error, replacing “applicant” with “application.”

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue - \$966,700/ABC Fund
Decrease State Expenditures - \$3,514,700/ABC Fund

Decrease Federal Revenue - \$1,214,900

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

NOT SIGNIFICANT

Assumptions applied to amendments:

- Amendments delete language from the original bill which effectively removed ABC's authority to investigate and arrest those individuals whom it found to knowingly manufacture, deliver, sell, or possess at least an ounce of marijuana.
- It is estimated that authorizing retailers and entities licensed for on-premise consumption to sell alcoholic beverages at discounted prices will result in a decrease in state tax collections per beverage sold.
- It is estimated that authorizing such retailers and entities licensed for on-premise consumption will increase total sales for alcoholic beverages due to discounts being offered on such alcoholic beverages.
- Decreases in state and local tax revenue as a result of reduced prices will be offset by increases in state and local tax revenue as a result of increased quantities purchased. Any net fiscal impact is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb